

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

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## MEMORANDUM

TO: Falmouth Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 23, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and a slight adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Alternative 2  
7.25% Investment Return  
6.31% Total Cost Increasing

**Falmouth Retirement System**  
**January 1, 2018 Actuarial Valuation**

Total cost increases 6.31% per year until FY32 with a final amortization payment in FY33

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>2002 ERI</u>	<u>Amort. of</u> <u>UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Change in</u> <u>Cost</u>
2019	2,849,174	80,000	130,404	5,050,368	8,109,945	77,822,643	
2020	2,977,386	80,000		5,564,296	8,621,683	77,908,408	6.31%
2021	3,111,369	80,000		5,974,342	9,165,711	77,589,059	6.31%
2022	3,251,380	80,000		6,412,687	9,744,067	76,806,785	6.31%
2023	3,397,692	80,000		6,881,225	10,358,918	75,497,670	6.31%
2024	3,550,589	80,000		7,381,977	11,012,565	73,591,137	6.31%
2025	3,710,365	80,000		7,917,093	11,707,458	71,009,324	6.31%
2026	3,877,331	80,000		8,488,867	12,446,199	67,666,418	6.31%
2027	4,051,811	80,000		9,099,743	13,231,554	63,467,923	6.31%
2028	4,234,143	80,000		9,752,322	14,066,465	58,309,873	6.31%
2029	4,424,679	80,000		10,449,380	14,954,059	52,077,974	6.31%
2030	4,623,790	80,000		11,193,870	15,897,660	44,646,667	6.31%
2031	4,831,860	80,000		11,988,942	16,900,803	35,878,124	6.31%
2032	5,049,294	80,000		12,837,949	17,967,243	25,621,148	6.31%
2033	5,276,512	80,000		13,709,981	19,066,494	13,709,981	6.12%
2034	5,513,955	80,000			5,593,955	0	-70.66%

Appropriation payments assumed to be made on July 1 of each fiscal year  
Normal cost assumed to increase 4.5% per year  
Assumed expenses of \$600,000  
FY19 amount maintained at level of current funding schedule